

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CCO-00 SSO-00 NSCE-00 TRSE-00 EB-07

AGR-05 SS-15 NSC-05 STR-04 L-02 COME-00 EURE-00

AID-05 CEA-01 CIAE-00 FRB-03 INR-07 NSAE-00 CIEP-01

SP-02 LAB-04 SIL-01 SAM-01 OMB-01 H-02 TAR-01 INRE-00

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Z O 111848Z APR 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC FLASH 8656

INFO AMEMBASSY MOSCOW IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

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MOSCOW FOR SEC. SIMON

PARIS FOR UNDER SEC. ROBINSON

PASS STR FOR AMB. DENT, AGRICULTURE FOR YEUTTER, TREASURY
FOR MACDONALD

E.O. 11652: N/A

TAGS: ETRD, EEC

SUBJECT: EC CHEESE COUNTERVAILING PROBLEM

REF: A) EC BRUSSELS 3041

B) EC BRUSSELS 3042

1. AT THE END OF THE AFTERNOON, APRIL 11, THE COMMISSION GAVE
US A LETTER WHICH CONSTITUTES A FORMAL REPLY TO THE
PROPOSALS REGARDING THE CHEESE PROBLEM PRESENTED TO THE COMMISSION
BY USEC DCM MYERSON ON APRIL 5 (REFTELS). THE TEXT OF THE
LETTER IS AS FOLLOWS:

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BEGIN TEXT:

DEAR MR. MYERSON,
I REFER TO THE RECENT CONTACTS BETWEEN THE US ADMINISTRATION
AND THE COMMISSION OF THE EUROPEAN COMMUNITIES CONCERNING THE
COMMUNITY'S EXPORT REFUNDS ON CHEESE DESTINED FOR THE US
MARKET, AND PARTICULARLY TO THE MESSAGE WHICH, ON
INSTRUCTIONS, YOU CONVEYED TO THE COMMISSION ON 5 APRIL 1975.

AS WE SEE IT, THE POSITION IS THAT THE COMMISSION'S PROPOSALS
CONVEYED TO MR. YEUTTER AND HIS COLLEAGUES ON 26 MARCH 1975
ARE ACCEPTABLE TO THE US IN ALL BUT ONE RESPECT. INSTEAD OF
THE 12 PERCENT PRICE GAP AND MONITORING SYSTEM FOR COMMUNITY
EMMENTHAL AND BRUYERE EXPORTS, THE US ADMINISTRATION PREFERS
THAT THE EXPORT REFUND FOR THESE CHEESES SHOULD SIMPLY BE
SUSPENDED.

WE FURTHER UNDERSTAND THAT A PRINCIPAL OBJECTION OF THE US
AUTHORITIES TO THE PRICE GAP AND MONITORING PROPOSAL IS THE PRA-
CTICAL ONE THAT, IN THEIR EYES, IT WOULD BE DIFFICULT TO IMPE-
MENT.

I AM THEREFORE INSTRUCTED TO CONFIRM IN WRITING THAT, AS ALREADY
INDICATED ORALLY TO SECRETARY DENT BY SIR CHRISTOPHERE
SOAMES, THE COMMISSION NOW WISHES, IN REGARD TO EMMENTHAL AND
BRUYERE, TO PUT TO THE US ADMINISTRATION A NEW PROPOSAL,
WHICH IT BELIEVES WILL SATISFY US REQUIREMENTS.

THE COMMISSION IS READY TO PUT INTO EFFECT ON A COMMUNITY
BASIS A SERIES OF MEASURES WHICH WOULD ESTABLISH A DISTINCTION
BETWEEN EMMENTHAL AND GRUYERE CHEESE OF HIGHER QUALITY (IN-
TENDED FOR CONSUMPTION AS "TABLE CHEESES") AND OF LOWER QUALITY
(SUITABLE FOR PROCESSING). EXPORT REFUNDS WOULD BE PAID ONLY
ON THE HIGHER QUALITY, UNDER THE POLICY PURSUED BY THE
COMMUNITY SINCE 6 FEBRUARY 1975, A POLICY WHICH REMAINS
UNCHANGED. NO EXPORT REFUNDS WHATSOEVER WOULD BE PAID ON THE
LOWER QUALITY.

THE MEASURES ESTABLISHING THE DISTINCTION BETWEEN THE TWO
QUALITIES OF CHEESE WOULD BE AS FOLLOWS:
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(I) INTRODUCTION OF A QUALITY CERTIFICATE FOR HIGHER QUALITY
EMMENTHAL AND GRUYERE TABLE CHEESES, ON THE BASIS OF THE RULES
ALREADY OPERATED BY THE COMMUNITY'S MEMBER STATES. FOR
EXAMPLE, IN FRANCE THE CERTIFICATE WOULD BE GRANTED ON
QUALITIES A AND B; IN THE FEDERAL REPUBLIC OF GERMANY; ON
QUALITIES "MARKENWARE" AND "KLASSENFEIN".

(II) EACH MEMBER STATE WOULD DESIGNATE AS APPROPRIATE BODY TO
ISSUE THE CERTIFICATE AND CARRY OUT THE NECESSARY TECHNICAL
SURVEILLANCE;

(III) THE QUALITY CERTIFICATE WOULD BE COUNTER-SIGNED BY THE
CUSTOMS AUTHORITIES WHEN THE GOODS ARE EXPORTED FROM THE
COMMUNITY. PAYMENT OF EXPORT REFUNDS WOULD BE EFFECTED ONLY
ON PRESENTATION OF THE QUALITY CERTIFICATE THUS COUNTER-SIGNED.

I AM INSTRUCTED BY THE COMMISSION TO EXPRESS THE HOPE THAT
THE FOREGOING PROPOSAL FOR EMMENTHAL AND GRUYERE WILL BE ACCEPT-
ABLE TO THE US ADMINISTRATION. IF YOU ARE ABLE TO CONFIRM
THIS, I SHALL BE HAPPY TO DISCUSS WITH YOU THE APPROPRIATE
MODIFICATIONS TO THE DRAFT OF THE LETTER WHICH MR. LARDINOIS
WOULD BE READY TO ADDRESS TO AMBASSADOR GREENWALD IN CONFIRMATION
OF THE OVERALL PACKAGE. IT WILL ALSO BE NECESSARY FOR US TO
DISCUSS THE DETAILED CONTENTS OF ANY WAIVER NOTICE WHICH THE
US TREASURY MAY WISH TO MAKE PUBLIC.

YOURS SINCERELY,

(T. HIJZEN) DEPUTY DIRECTOR GENERAL.
END TEXT.

2. ON PRESENTING THE LETTER TO US, COMMISSION OFFICIALS ASSURED
US THAT THEY ARE ACTIVELY WORKING TO SET UP THE QUALITY CERTIFI-
CATION SYSTEM.

3. THEY ALSO STATED IN EXPLANATION OF THE LAST SENTENCE OF
THE LETTER, THAT THEY HAVE NOT YET GIVEN FORMAL APPROVAL TO
THE LIST PROVIDED THE COMMISSION OF CHEESE CATEGORIES REGARD-
ING WHICH THE COUNTERVAILING DUTIES MIGHT BE WAIVED. THEY
FEEL THAT THIS LIST SHOULD BE JOINTLY VERIFIED BY THE U.S.
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AND THE EC AND AGREED TO BY THE TWO SIDES; THEY THINK THIS
COULD BE DONE NEXT WEEK.GREENWALD

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Message Attributes

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Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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05 JUL 2006

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